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MAR 8 1974

6-111874

The Honorable Thaddeus J. Bulski
Chairman, Committee on Post Office
and Civil Service
House of Representatives



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Dear Mr. Chairman:

Pursuant to your request of March 19, 1973, and a subsequent discussion with our representatives, we examined the quality of mail service provided by the New Orleans Post Office and obtained information on the arguments for and against the transfer of foreign mail operations from New Orleans to the New York Bulk Mail Facility. On November 9, 1973, we briefed staff members of the House Committee on Post Office and Civil Service and the Subcommittee on Postal Service on the results of our examination and gave them copies of the charts (see encls. I to X) used in the briefing. The Subcommittee used this data during its hearings in New Orleans.

To obtain the information in this letter, we examined Postal Service records, visited the New Orleans Post Office, and interviewed both headquarters and local postal officials.

The New Orleans office, in general, had met the Postal Service's overnight delivery standards for local first-class mail but generally did not meet its standards for first-class-mail delivery to more distant areas. Sorting errors, however, caused significant quantities of first-class mail to be sent to the wrong destinations with consequent delays in delivery.

BACKGROUND

The New Orleans Post Office handles about 900 million pieces of mail annually, or about 2.5 million pieces daily.

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During postal fiscal year (PFY) 1973, the number of employees in the New Orleans office decreased from 2,745 to 2,630--or 4.2 percent--while mail volume increased by about 78 million pieces--or about 9.5 percent. To process this increased volume, the employees worked 247,824 hours overtime, or 60.5 percent more than in PFY 1972.

The average productivity through PFY 1973 rose from 705 to 784 total distributed pieces handled each man-hour, an increase of 11.2 percent. Productivity increased even during the peak Christmas season. However, productivity decreased slightly during the first two accounting periods of PFY 1974. According to the New Orleans district manager, a concerted training effort that occurred during this time caused the minor productivity decrease.

New Orleans postal officials said they were able to handle more mail with fewer people because of increased attention to production and increased use of machines.

DELIVERY STANDARDS

Postal Service standards state that 95 percent of first-class mail should be delivered in 1, 2, or 3 days depending on the destination or the distance it must travel.

The 95-percent standard for overnight first-class mail going to and from New Orleans was generally met. For example, the standard was met nineteen of twenty-one 2-week periods, including Christmas, between November 25, 1972, and September 14, 1973.

The standard for first-class mail destined for 2- and 3-day delivery from New Orleans was only met once during the same time. However, the 2-day standard was generally met by the third day and the 3-day standard was also generally met by the fourth day.

Misdirected mail

Mail sent to the wrong destination can be delayed as much as 5 days in delivery. Although a 1-day delay in

any one letter recipient letter even noticed by some mailers, it could cause hardships for persons waiting for pension checks or financial losses for recipients if the mail concerned financial transactions.

New Orleans postal officials had some data on the amount of errors letter-sorting machine operators made but did not have any data on the amount of misdirected mail. Therefore we statistically sampled mail processed on letter-sorting machines between September 24 and 27, 1973, to determine how much mail was being sent to the wrong destination. Our tests showed that about 2.7 percent of the mail was misdirected because of sorting errors and mislabeling of pouches. On this basis, about 310,400 pieces of mail were missent during this 4-day period.

To correct this problem, New Orleans postal officials said (1) mail processing procedures would be revised and improved, (2) increased emphasis would be placed on this problem area by the New Orleans quality control group, and (3) mislabeling of pouches would be given additional attention.

The Postal Service has developed a device for checking the performance of letter-sorting machines to determine machine errors and operator errors. Operators who have a high error rate could receive additional training. Because of the machine error rate of at least 1 percent, it is questionable whether the Postal Service will succeed in reducing the error rate experienced in machine sorting to that experienced in manual sorting--estimated by postal officials to be 1 percent or less.

TRANSFER OF FOREIGN MAIL OPERATIONS TO NEW YORK

The Postal Service made a study of the surface movement of mail destined for foreign delivery to develop a nationwide system which would complement the Postal Service's Bulk Mail

System.¹ The study recommended, among other things, that outbound foreign surface mail be consolidated at 9 locations instead of the present 14. According to the Postal Service, the nationwide consolidation will permit maximum use of Bulk Mail System mechanization for sorting and eliminate costly duplicative operations in the Postal Service. Annual savings for the nationwide consolidation are estimated at \$645,000, about 90 percent of which is attributed to New Orleans. Most of the foreign mail that will be diverted from New Orleans is bound for Latin America. This is less than 1 percent of the total Postal Service mail volume.

The Postal Service claims several benefits from transferring foreign surface mail from New Orleans to New York, including:

1. Lower operating costs--Consolidating Latin American mail would result in an estimated \$565,000 annual reduction in net operating costs, based on 1971 volumes and labor rates.
2. Equal or better shipping frequency--Sailing frequency from New York to Latin America is equal to or significantly better than from New Orleans.
3. Systems simplification--Routing foreign mail through New York rather than New Orleans would eliminate intermediate handling at an additional annual savings of \$30,000.
4. Greater containerization potential--Consolidation would permit better use of the containers now being made up for Latin American mail and would increase the potential for economically containerizing other mail to that area.

¹A \$1 billion system of 21 mechanized bulk-mail facilities and 12 auxiliary service facilities which will generally handle parcels, circulars, and nonletter mail.

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When the results of the study announced in March 1973, several parties, including the New Orleans Chamber of Commerce, Port Executive Director and General Manager, and the New Orleans Post Office, raised objections. Some of their arguments included (1) loss of shipping to New Orleans with a consequent loss of revenue, (2) slower mail service, and (3) damage to postal employee morale.

New Orleans postal officials generally agreed with our findings. We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,

Comptroller General
of the United States

Enclosures - 10

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MAIL VOLUME AND MANPOWER VARIATIONS
IN NEW ORLEANS POST OFFICE

DIFFERENCES BETWEEN
PFY 1972 AND PFY 1973

MAIL VOLUME	9.5%
EMPLOYEES	(4.2%)
OVERTIME	60.5%

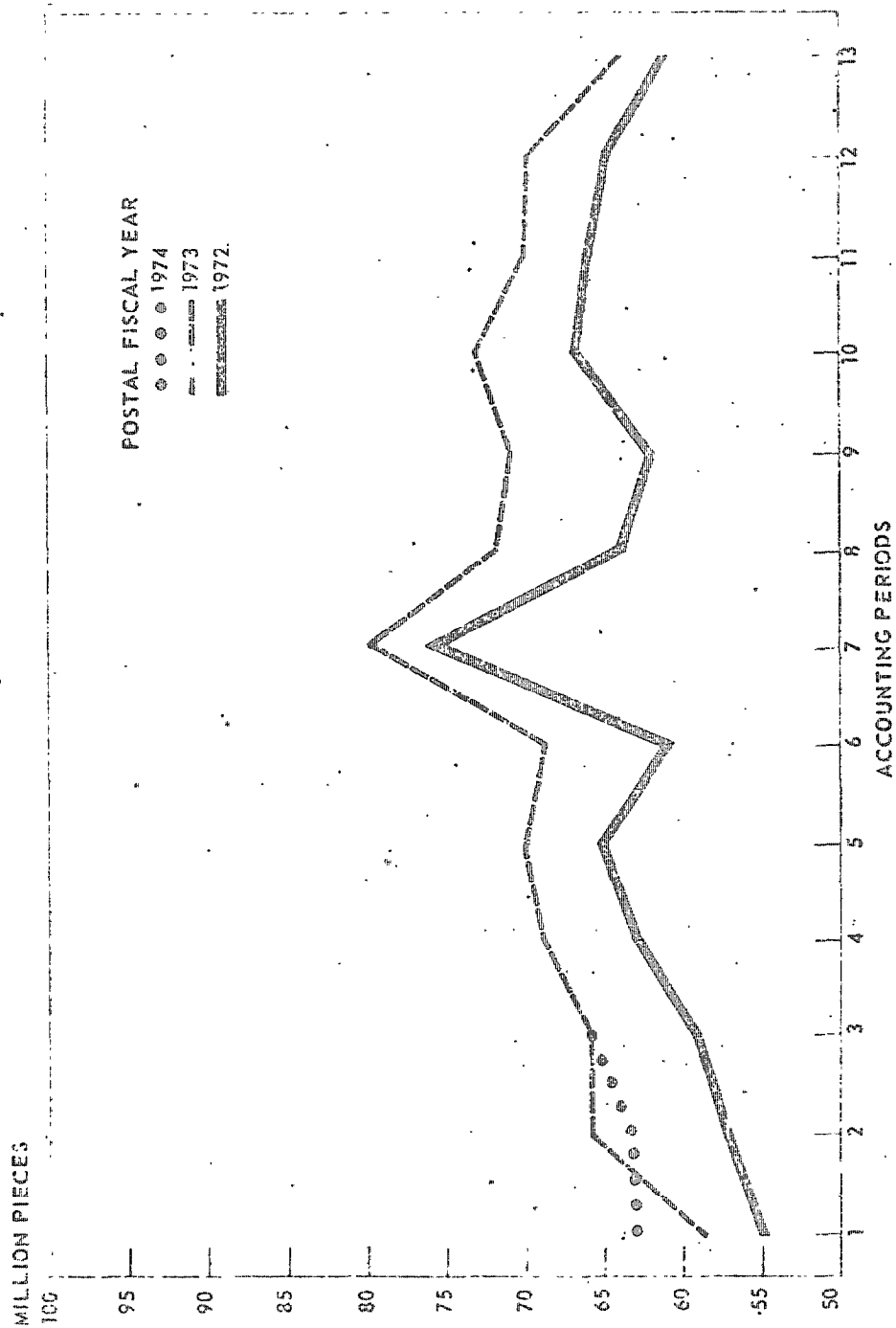
ENCLOSURE II

ANTICIPATED MAIL VOLUME INCREASE
NEW ORLEANS POST OFFICE

	<u>PFY 1973</u>	<u>FYTD¹ PFY 1974</u>
• INCREASE EXPECTED BY POST OFFICE AREA	(5.2%)	5%
• INCREASE BUDGETED	(5.2%)	5%
• INCREASE EXPERIENCED	6.4%	3.8%

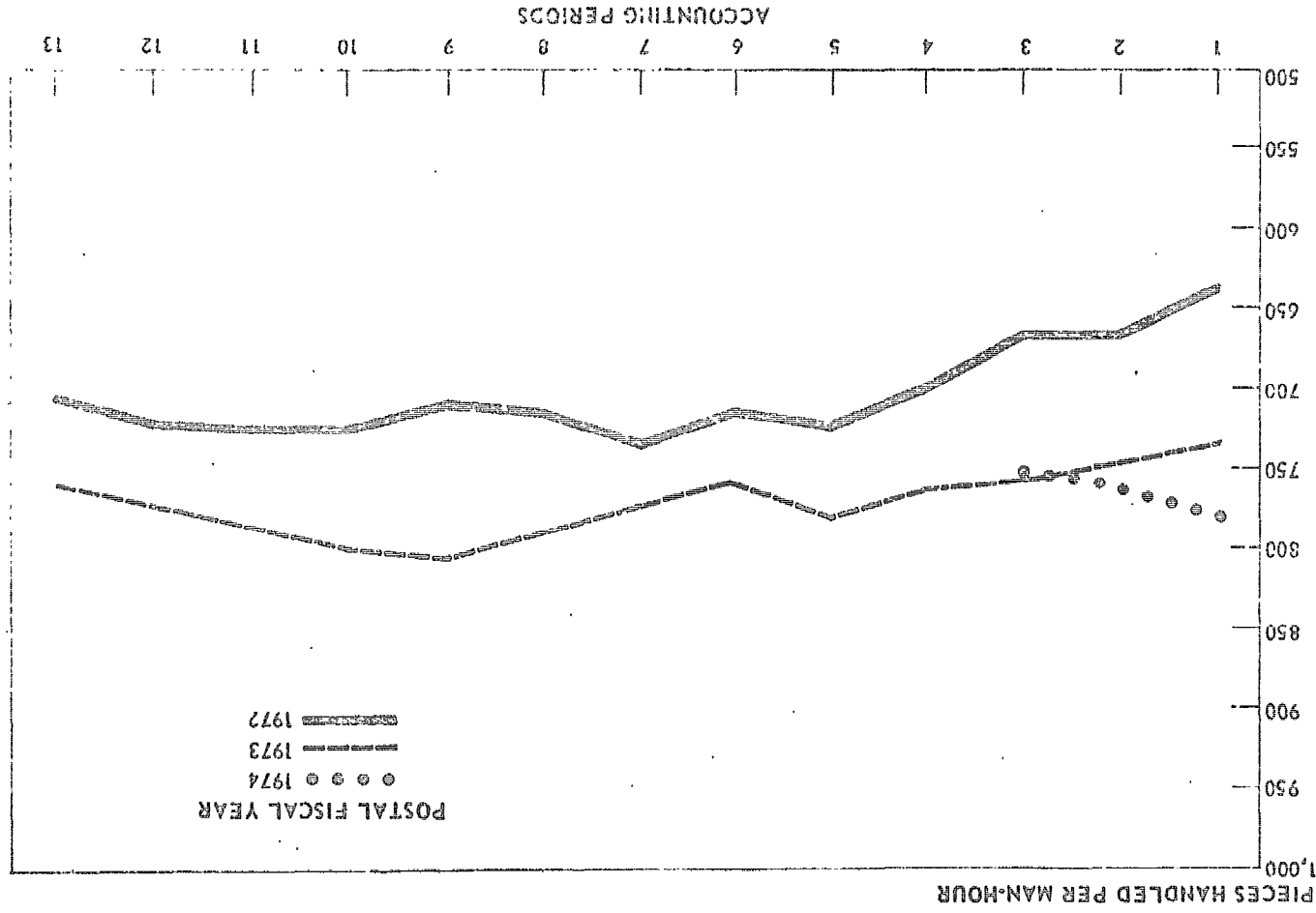
¹Fiscal year to date--Sept. 14, 1973

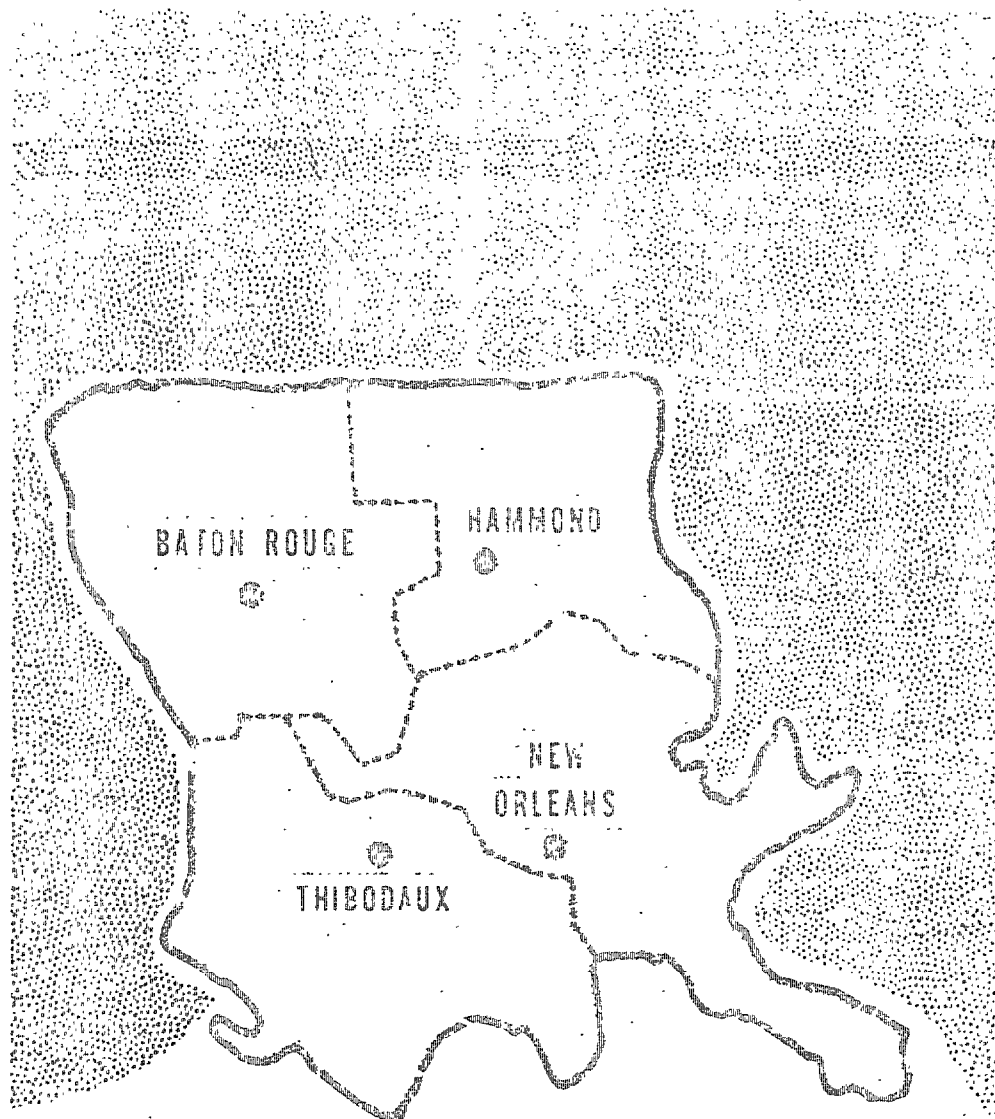
MAIL VOLUME - NEW ORLEANS POST OFFICE



ENCLOSURE 111

PRODUCTIVITY MEASUREMENT FOR NEW ORLEANS POST OFFICE

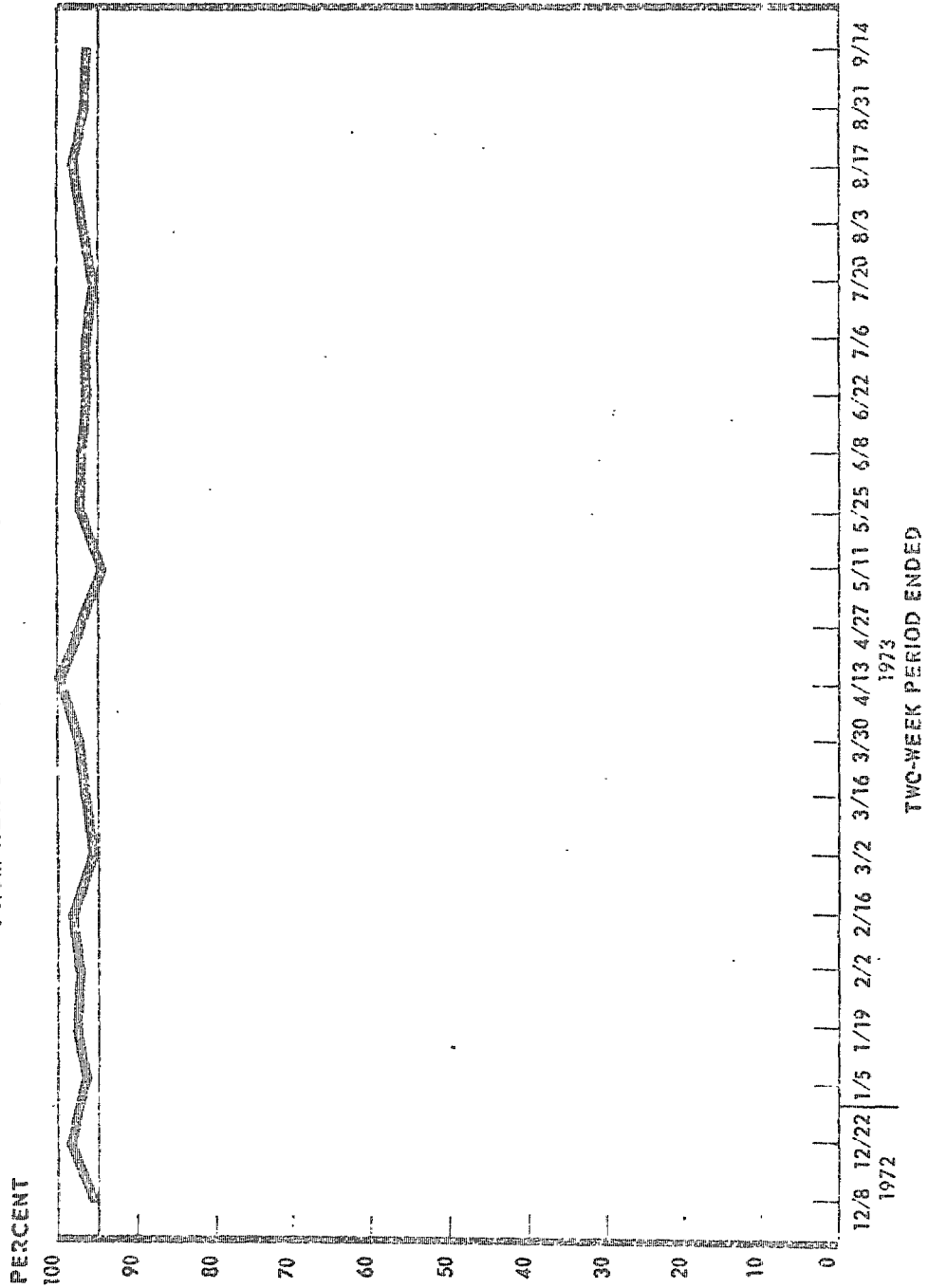




NEW ORLEANS
OVERNIGHT COMMITTED AREA

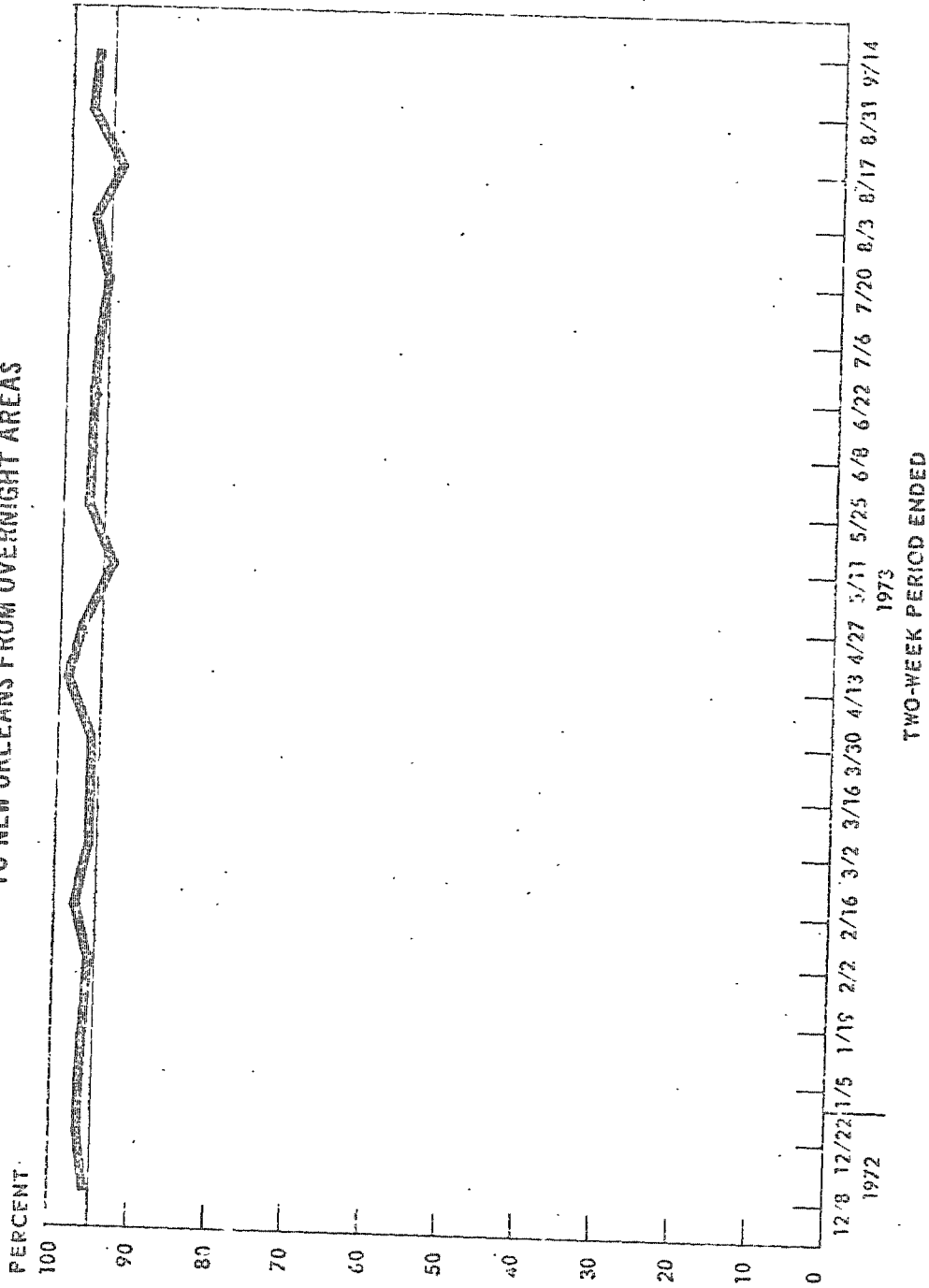
ENCLOSURE VI

TOTAL PERCENTAGE OF MAIL DELIVERED
FROM NEW ORLEANS TO OVERNIGHT AREAS

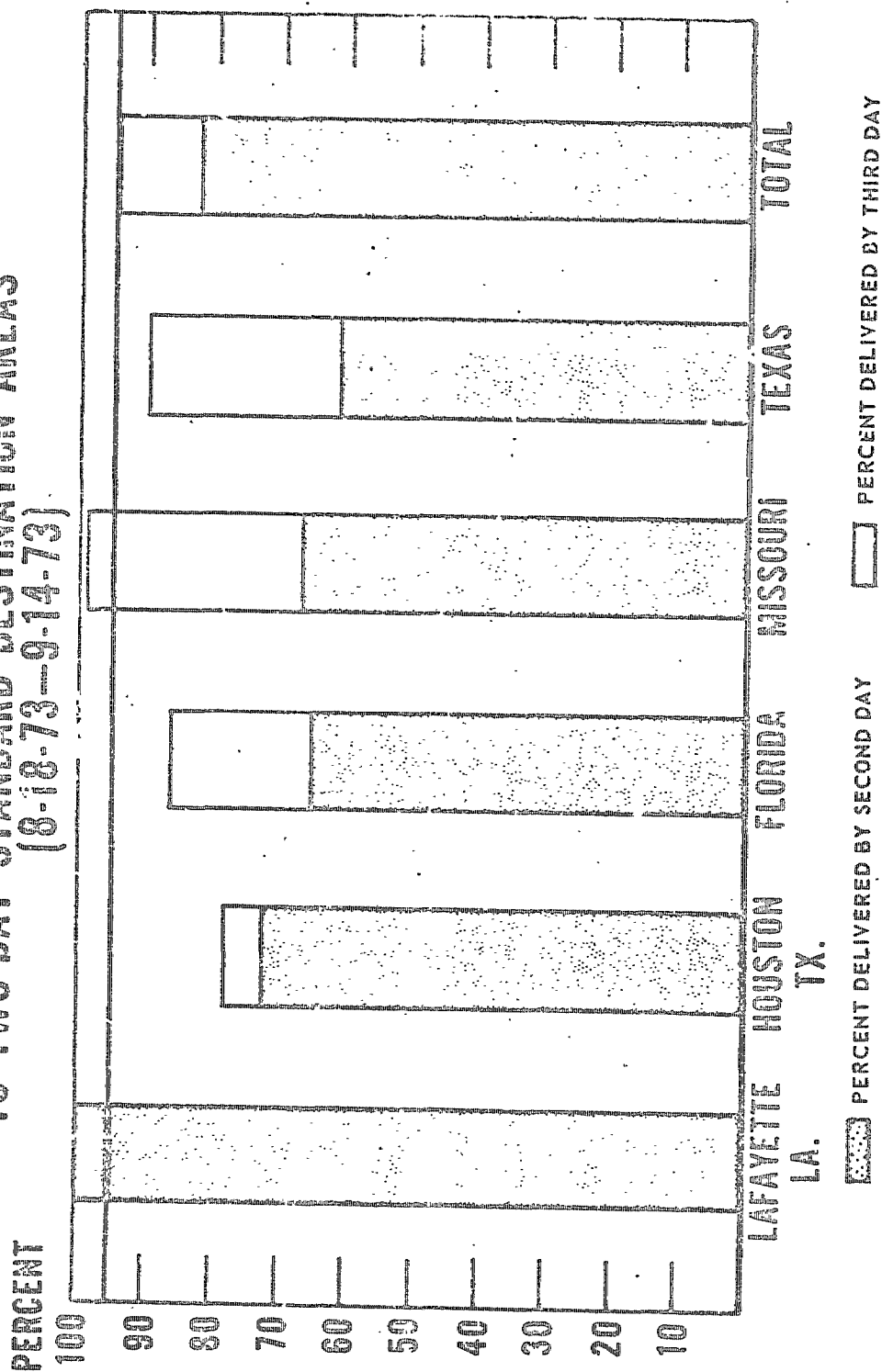


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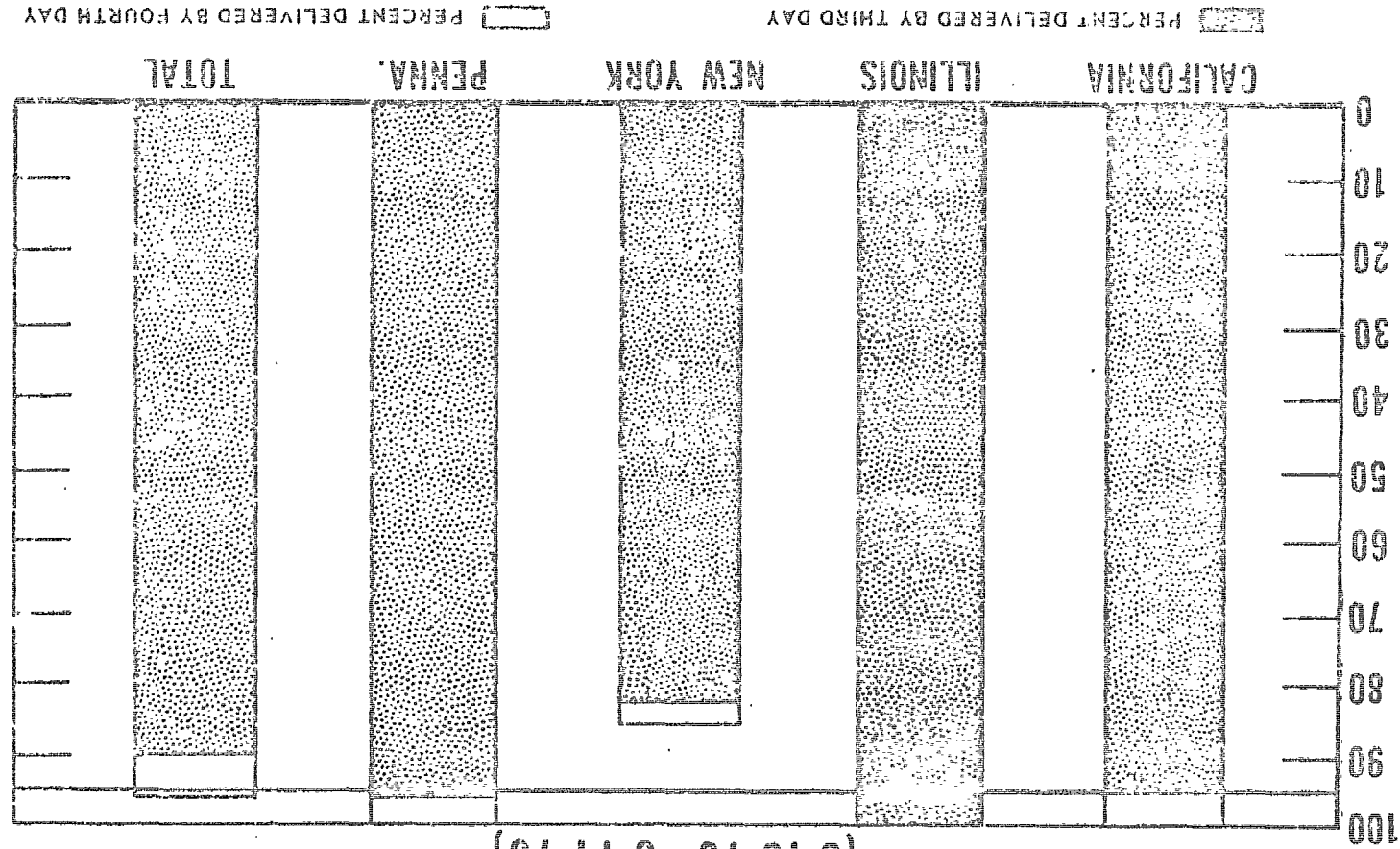
TOTAL PERCENTAGE OF MAIL DELIVERED
TO NEW ORLEANS FROM OVERNIGHT AREAS



PERCENT OF MAIL DELIVERED FROM NEW ORLEANS
TO TWO-DAY STANDARD DESTINATION AREAS
(8-18-73-9-14-73)



PERCENT OF MAIL DELIVERED FROM NEW ORLEANS TO THREE
DAY STANDARD DESTINATION STATES
(8-12-73-9-14-73)



ENCLOSURE IV

TOTAL PERCENTAGE OF MISDIRECTED MAIL FOR
 TWO-AND THREE-DAY DISTANT AREAS AS
 DETERMINED BY GENERAL ACCOUNTING OFFICE SAMPLING

SAMPLING PERIOD	TOTAL PIECES SAMPLED	TOT. PERCENTAGE MISDIRECTED MAIL
9/24/73 TO 9/27/73	29,244	9.72%